

Message Text

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PAGE 01 STATE 212062
ORIGIN NEA-10

INFO OCT-01 ISO-00 ONY-00 SS-15 /026 R

DRAFTED BY NEA:N A VELIOTES:JD
APPROVED BY NEA:S SOBER
DESIRED DISTRIBUTION
NEA ONLY

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R 030319Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 212062

STADIS/////////////////////////////////
FOR AMBASSADOR FROM SOBER, ACTING

E.O. 11652: GDS

TAGS: EAID, EG

SUBJECT: PROPOSED FY 1979 AID PROGRAM LEVELS FOR EGYPT

REF: CAIRO 14546

1. ROY IS CURRENTLY ON LEAVE AND IN HIS ABSENCE I AM REPLYING TO YOUR MESSAGE.
2. WE WERE IN PROCESS OF PREPARING INFO CABLE TO YOU ON SAME SUBJECT. YOUR UNDERSTANDING CONCERNING AID POSITION IS CORRECT AND GOVERNOR GILLIGAN HAS MADE FORMAL RECOMMENDATION TO UNDER SECRETARY BENSON.
3. WHEN WE WERE TASKED TO PREPARE FY 79 SECURITY ASSISTANCE BUDGET, WE WERE INSTRUCTED TO USE ZERO BASE BUDGETING (ZBB) FORMAT WHICH, INTER ALIA, REQUIRED BUILDING BUDGET FROM
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BOTTOM UP USING ECONOMIC CRITERIA AND PREPARING RANK ORDER LIST OF ALL COUNTRY PROGRAMS. NEA AND AID WERE ASKED TO PREPARE SEPARATE SUBMISSIONS FOR MRS. BENSON. AT THE OUTSET, ROY DECIDED THAT FOR OVERRIDING POLITICAL REASONS WE WOULD NOT COMPLY WITH THE ZBB FORMAT. INSTEAD, WE WOULD SUBMIT AS OUR PROPOSED BUREAU OPTION FOR FY 79 ESSENTIALLY THE FY 78 SSA LEVELS FOR FY 79 FOR THE FOUR

CONFRONTATION STATES. (THE ONE EXCEPTION IS A VARIATION

UPWARD FOR SOME MAJOR PROJECT AID FOR JORDAN.) WE WOULD ALSO INSIST THAT ALL FOUR CONFRONTATION STATES BE RANKED AS NUMBER ONE PRIORITY IN A PACKAGE.

4. ROY DISCUSSED HIS POSITION WITH LUCY BENSON WHO CONCURRED IN OUR APPROACH. MRS. BENSON WAS AT THAT TIME AWARE THAT AID WOULD BE PROPOSING A LOWER LEVEL BASED ON ITS OWN ECONOMIC ANALYSIS. IT WAS UNDERSTOOD THAT THE SECRETARY WOULD MAKE RECOMMENDATIONS TO THE PRESIDENT BASED ON ALL RELEVANT CONSIDERATIONS, INCLUDING THE VERY IMPORTANT POLITICAL FACTORS.

5. THE DIFFERENCES IN THE NEA AND AID PROGRAM LEVELS FOR EGYPT AND ISRAEL WERE DISCUSSED ON AUGUST 29 IN AN INTER-AGENCY MEETING THAT LASTED ALMOST FOUR HOURS. WE FIRMLY DEFENDED OUR POSITION USING THE JUSTIFICATION ALONG LINES OF PARA 3 REFTEL. (AID PROPOSED A REDUCTION FOR ISRAEL FROM 785 MILLION DOLLARS IN FY 78 TO 400 MILLION DOLLARS FOR FY 79.)

6. PM IS CURRENTLY PUTTING THE ENTIRE SECURITY ASSISTANCE DECISION PACKAGE TOGETHER FOR MRS. BENSON WHO IN TURN WILL MAKE RECOMMENDATIONS TO THE SECRETARY.

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7. YOU CAN BE ASSURED THAT WE WILL MAKE CERTAIN THAT THE SECRETARY HAS A COMPLETE EXPOSURE TO NEA'S POSITION, INCLUDING YOUR PERSONAL VIEWS. WE HAVE NO REASON TO BELIEVE THAT THE SECRETARY WILL WISH TO PLAY "ZBB ROULETTE" WITH THIS POLITICALLY CHARGED SUBJECT MATTER.

8. IN ORDER TO BE PERCEIVED AS SOMEWHAT "RESPONSIVE" TO THE ZBB PRESSURES, ROY AUTHORIZED US TO SUBMIT A "MINIMUM" PACKAGE WHICH WE SUBMITTED BUT DID NOT RECOMMEND. THIS PACKAGE CONTEMPLATED A 15 PERCENT PROPORTIONAL CUT IN THE FY 79 LEVELS OF ALL CONFRONTATION STATES. THIS SUBMISSION WAS THE MINIMUM WE COULD DO IN THE CONTEXT OF PRESSURES FROM OMB AND ELSEWHERE. IT IS CLEAR TO EVERYONE, HOWEVER, THAT WE DO NOT SUPPORT SUCH CUTS, WOULD OPPOSE THEM VIGOROUSLY, AND DO FAVOR CONTINUATION OF FY 78 LEVELS.

9. WE BELIEVE WE HAVE THIS PRETTY WELL IN HAND AT THIS POINT. PLEASE LET ME KNOW IF YOU HAVE ANY ADDITIONAL THOUGHTS OR NEED ANY FURTHER INFORMATION.

CHRISTOPHER

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